

Virginia Individual Development Accounts Program

Administrative Manual

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Table of Contents

PROGRAM OVERVIEW _____	1
DHCD RESPONSIBILITIES _____	1
INTERMEDIARY RESPONSIBILITIES _____	2
ENROLLED SAVER RESPONSIBILITIES _____	4
ELIGIBLE USES OF FUNDS _____	5
PROGRAM FUNDS _____	7
CANDIDATE ELIGIBILITY _____	7
ENROLLED SAVER TRAINING REQUIREMENTS _____	9
TRAINING REQUIREMENTS _____	9
PROCESS FOR ENROLLING A SAVER _____	10
PROCESS FOR MAKING WITHDRAWALS FROM THE SAVERS' ACCOUNTS _____	11
PROGRAM FILES _____	13
PERFORMANCE REVIEW _____	13
INTERMEDIARY REPORTING REQUIREMENTS _____	14
DHCD REPORTING REQUIREMENTS _____	14
REQUESTING ADMINISTRATIVE FUNDS FROM DHCD _____	15

Program Overview

The Virginia Individual Development Accounts (VIDA) program is administered by the Virginia Department of Housing and Community Development (DHCD) in partnership with the Virginia Department of Social Services (VDSS), the Virginia Housing Development Authority (VHDA), and the U.S. Department of Health and Human Services. The program is designed to encourage savings and improve personal financial planning to help low-income individuals build productive assets and self-sufficiency. Individual development accounts (IDAs) provide matching funds for individuals saving into a designated account for a specific purpose, such as home ownership, education, or business start-up. Matching funds are provided to encourage saving and to help individuals build assets more quickly.

VIDA provides match up to a 2:1 ratio (for every one dollar the participant saves, it will be matched with two dollars). Up to two eligible individuals in a household may participate. The match cannot exceed \$4,000 per saver. These accounts are generally available on a first-come, first-serve basis. Individuals who successfully purchase one asset through VIDA may reapply to use any remaining match to purchase a difference asset, not to exceed the \$4,000 maximum in match.

DHCD works through local service providers (intermediaries) who recruit, support, and train the savers. When a candidate is enrolled in the program, they become an enrolled saver. At that time a savings account is opened for them by DHCD and held at a designated financial institution. All enrolled savers receive financial management training that includes such topics as improving credit, setting up a budget and savings schedule, and the basics of money management. In addition, enrolled savers must attend training that is specific to the asset for which they are saving (e.g., how to start a small business; buying and maintaining a home).

VIDA is designed to complement existing programs that are being used by organizations whose mission is to assist low-income individuals working towards self-sufficiency. The VIDA program is another source of assistance an intermediary would use to help clients in conjunction with current counseling and training efforts.

DHCD Responsibilities

The VIDA program is a partnership between local intermediaries and DHCD that is designed to encourage savings and improve personal financial planning to help low-income individuals build productive assets and self-sufficiency. In this partnership, DHCD will have the following responsibilities:

- Review applications for intermediary acceptance into the program on the following schedule:
 - Intermediary applications can be submitted at any time, but will be reviewed once each quarter
 - Applications received by close of business, the first Friday of each quarter (January, April, July, October) will be reviewed and intermediaries will be notified of acceptance/denial within that month of the quarter
 - Incomplete applications or applications received after close of business on the first Friday of that quarter will be held for review the next quarter
- Provide necessary guidance on VIDA program implementation to accepted intermediaries.
- Review and approve candidate applications for participation in VIDA, considering several factors: program eligibility, individual's readiness to achieve the savings goal within two years, and geographic distribution of participants.

- Provide match funds for enrolled saver accounts in a ratio of \$2 for every \$1 saved by the enrolled saver toward the purchase of a qualified asset. The saver will have two years from the date the VIDA account is opened to save for and purchase their asset.
- Monitor enrolled savers' monthly account activity and provide monthly reports to intermediaries on the progress of their enrolled savers. Advise intermediaries of any saver that has not made a deposit within the prior two months. If a saver fails to make a minimum \$25 deposit for three consecutive months, that saver will be terminated from the VIDA program.
- Review the progress of savers toward achieving their goal after the first year of enrollment and quarterly thereafter. If a saver is not achieving adequate progress toward obtaining the asset, the intermediary will be advised so that the individual can take corrective action or, if feasible, change the goal of the savings account. If a saver fails to make changes needed to achieve the purchase of an asset within two years, the saver will be terminated from the VIDA program.
- Approve withdrawal requests for a qualified asset purchase and process emergency withdrawal requests to access the enrolled saver's deposited funds. **Withdrawal requests for a qualified asset purchase can only occur after the enrolled saver has made monthly deposits for a minimum of six months and has completed the financial literacy and asset-specific training.** Exceptions to this minimum participation timeframe may be possible at the discretion of DHCD, but not to the training completion requirements.
- Emergency withdrawals are considered on a case-by-case basis for medical care, for payments necessary to prevent eviction, or for the saver to use to meet living expenses following loss of employment. **The saver will have five months to repay an emergency withdrawal from their VIDA account.** Exceptions to this repayment schedule may be possible at the discretion of DHCD.
- Provide information to intermediaries on the EITC program and other resources.

Intermediary Responsibilities

The VIDA program is administered at the local level through intermediaries that work with enrolled savers towards attaining economic self-sufficiency. The VIDA program is intended to supplement and work in tandem with other services provided by the selected VIDA intermediaries to offer a comprehensive strategy for low-income families to achieve self-sufficiency.

Intermediaries are selected for participation into the program on the basis of a brief application. DHCD will accept applications at any time, but review them and accept intermediaries into the program on a quarterly basis. Applications received by close of business on the first Friday of the beginning of each quarter (January, April, July, October) will be reviewed for that quarter. Applications received after that date will be reviewed the first month of the next quarter. Please refer to the intermediary application review schedule posted on the VIDA webpage. While not a competitive application process, DHCD gives strong consideration to the organization's capacity to effectively meet the following responsibilities and to bring savers successfully to asset purchase. Intermediaries are expected to enroll at least five savers in the first 12 months of participation. DHCD will meet with those sites that have not met this requirement to assess performance and set goals. Those not able to meet the established goals for enrolling savers set forth at the site visit within the established timeframe will be terminated from the program.

Contracts will be revised in 2007 to include this requirement.

Each VIDA intermediary is responsible for the following:

- Recruit candidates and review their applications including credit reports and budgets before sending applications to DHCD for final approval for enrollment into the VIDA

program. This applicant pre-screening is important to ensure that applicants are ready and able to successfully address credit and financial issues as well as save to purchase the asset in a two year time frame. Those candidates not yet ready for the program should continue to work with the intermediary to address their credit issues and apply to the program at a later date. Candidates are not expected to have perfect credit, but their credit should be such that it can be improved enough within the two-year timeframe to allow the saver can obtain their asset. This is especially critical for those people saving for a home; such savers must be able to address credit issues in the two year time frame to obtain financing for their home purchase. Intermediaries are expected to enroll at least five savers in the first 12 months of participation.

- In cases where candidates have not been accepted by DHCD into the program, continue to work with them to position them to be successful applicants and savers at some future time. With the intermediary, candidates are encouraged to address barriers to success and to make application again, if appropriate.
- Develop a savings goal and action plan with each enrolled saver. The plan must identify:
 - a) A monthly savings amount of at least \$25 of earned income every calendar month. Qualified sources of savings are defined under Enrolled Saver Responsibilities.
 - b) The savings goal. See 'Eligible Uses of Funds' as listed below.
 - c) An action plan that outlines the activities necessary to prepare the saver to reach the identified goal. This would include required training, credit repair, etc.

Examples of the above will be included in our resource toolkit currently under development.

- Encourage use of the Earned Income Tax Credit program to augment savings.
- Provide training or partner with an organization that can provide training in basic financial management including topics such as *personal financial management training, budgeting and credit repair, loans and grant resource development, and personal financial planning (i.e. savings and investments, insurance, wills, and tax planning)*.
- Provide training or partner with an organization that can provide training specific to the identified asset that the saver is working towards.
- Provide enrolled savers services and/or technical assistance targeted to their particular savings goal, such as housing counseling, or career counseling or micro-enterprise services, to develop asset management skills.
- Maintain files for each saver that include documentation of income eligibility, savings goal, action plan, financial information, records of training attendance, progress and follow-up reports on the use of the funds.
- Provide a monthly report on training and technical assistance activity and any other pertinent program activity to DHCD, including additional information on savers as requested by DHCD.
- Work with enrolled savers to implement the action plan, including budgeting to save the needed funds.

- Work with enrolled savers to obtain the identified asset. Intermediaries will assist the enrolled saver in requesting funds from DHCD to secure the asset. Enrolled savers can only withdraw funds for the asset purchase upon completion of all training and after making monthly deposits for a minimum of six months. Exceptions to this minimum participation timeframe may be possible at the discretion of DHCD. All withdrawals must be made via DHCD's established process and DHCD makes all withdrawals on behalf of the saver. The saver can never withdraw money from their VIDA account on their own. The withdrawal process is discussed later in this manual.
- Encourage and assist enrolled savers who are having difficulty saving to reach one asset goal to consider switching to another goal that would require less savings or not be as affected by credit ratings. For example, encourage participant who cannot save enough to purchase a home to consider using savings for postsecondary education. In such cases, the saver would need to receive the appropriate asset training for the new goal.
- In the case of a request for an emergency withdrawal of funds for a purpose other than the identified asset purchase, work with the enrolled saver to find alternative means of addressing the emergency. If no alternative means exist, the intermediary will assist the enrolled saver in requesting an emergency withdrawal of the saver's funds from the savings account. Emergency withdrawals are considered on a case-by-case basis for medical care, for payments necessary to prevent eviction, or for the saver to use to meet living expenses following loss of employment. In the case of an emergency withdrawal, the enrolled saver may access only the funds which they have deposited into the account. No match funds will be available. **The saver will have five months to repay an emergency withdrawal from their VIDA account.** Exceptions to this re-payment schedule may be possible at the discretion of DHCD.

Enrolled Saver Responsibilities

Savers enroll in the program through an intermediary. The intermediary works with the candidate to pre-screen for participation. DHCD then reviews the applications to determine eligibility and ability of the applicant to successfully complete the program in the two year timeframe. Each saver enrolled in the program is expected to do the following:

- Identify an eligible asset.
- Allow DHCD to open a custodial account on their behalf at a designated financial institution. The saver will have two years from the date the VIDA account is opened to save for and purchase their asset. **The saver can only withdraw funds for the asset purchase upon completion of all training and after making monthly deposits for a minimum of six months.** Exceptions to this minimum participation timeframe may be possible at the discretion of DHCD.
- Save a minimum of \$25 per month to be matched by state dollars at a 2:1 ratio not to exceed \$4,000 in match funds. In order for a participant to receive the maximum match, the saver would have to save at least \$83 per month for the two year enrollment period. All savings must be earned or self-employment income. Earned income includes wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered. Savers may also use the Earned Income Tax Credit for savings, and intermediaries should encourage them to do so. DHCD will notify intermediaries of any enrolled saver who has failed to make the minimum deposit for two consecutive months. If an enrolled saver fails to make the minimum monthly deposit for three consecutive months, that saver will no longer be permitted to participate in the VIDA program.

- Savers' accounts may be hosted at either Wachovia bank or BB&T, at the savers' choice.
- Attend required training as outlined below.
 - Complete eight hours of personal financial management training
 - Complete six hours of asset specific training for homeownership, micro-enterprise, or post-secondary education asset identified in candidate application.
- Participate in structured sessions for counseling or technical assistance tailored to the saver's identified savings goal.
- Work with the intermediary in the case of emergency and qualified withdrawals to complete the required forms and provide the appropriate documentation. The saver cannot withdrawal funds from their VIDA account, except through DHCD's formal process. The saver should plan accordingly, allowing five business days for the processing of the withdrawal.
- Purchase their identified asset within two years of acceptance into the program. Savers must complete all training and have saved for at least six months prior to purchasing the asset. The saver cannot withdrawal funds from their VIDA account, except through DHCD's formal process. The saver should plan accordingly, allowing five business days for the processing of the withdrawal.

Eligible Uses of Funds

Home Ownership: Matching funds and personal savings for home ownership must be used as down-payment assistance or for the qualified acquisition costs of purchasing a home. Qualified acquisition costs are the costs of acquiring or constructing a principal residence and include any usual or reasonable settlement, financing, or other closing costs. A principal residence is the main residence to be purchased by the saver where the total qualified acquisition costs do not exceed 120 percent of the average area purchase price applicable for the residence. This definition is included to protect the saver from fraudulent or discriminatory lending.

Qualified acquisition costs include the following:

- Down-payment
- Closing costs
- Mortgage pre-payment
- Settlement charges
- Attorney's fees
- Title insurance
- Appraisal fees
- Inspector's fees

Program funds are not available for home rehabilitation or other repairs. The purchaser must be a first-time homebuyer and attend both financial management training and home ownership training. A first-time homebuyer is an individual who has not purchased a home within the last consecutive three years. Match will be available at a 2:1 ratio, with a cap of \$4,000 per individual and a maximum of two individual participants per household. Individuals or families **with or without** children are eligible to save for this option.

Postsecondary Education: Matching funds and personal savings for postsecondary education and training may be used for tuition and fees and/or the costs of books, supplies, and equipment required for a course provided by an eligible institution – an institution of higher education or a postsecondary institution, vocational training, or technical education school.

Eligible institutions include the following:

- An institution of Higher Education described in section 101 or 102 of the Higher Education Act of 1965.
- A vocational or technical education school meaning one of the following:
 - A specialized public secondary school used exclusively for vocational and technical education in preparation for individuals to enter the labor market.
 - A public or nonprofit technical or vocational/technical education school used principally for those individuals who have completed or left secondary school and are preparing to enter the labor market.
 - The department or division of an institution of higher education that provides vocational and technical education in not fewer than five different occupational fields.

Eligible individuals may save for themselves, their spouse, or a dependent child (under the age of 18). However, the timeframe for program participation is two years from the time of enrollment to the time of asset purchase (e.g., payment of tuition), thus this option is not meant as a long-term savings strategy for very young children. Therefore, parents saving for a child's education should time their entry into the program accordingly.

For this savings goal, individuals must participate in financial management training and identify a career goal and develop a plan to reach that goal. Training must be directly linked to that goal. In the case of an enrolled saver saving on behalf of a child or spouse, that child or spouse must complete the counseling. Match will be available at a 2:1 ratio, with a cap of \$4,000 per individual and a maximum of two individual participants per household. Individuals or families with children are eligible to save for this option.

Micro-enterprise/Small Business: Matching funds and personal savings for micro-enterprise may be used to start-up or expand a business or self-employment venture for a participant or their spouse. The business must not contravene any law or public policy. Matching funds can be used for qualified micro-enterprise expenditures.

Qualified micro-enterprise expenditures include the following:

- Capital
- Plant/facility
- Equipment
- Inventory expenses

For example, a micro-enterprise IDA can be used to capitalize a business and may be used in combination with other sources, including loan funds. For this savings goal, a participant is required to attend financial management training, provide a business plan and participate in relevant small-business training programs to ensure success. The business plan, at a minimum, must explain the business concept and justify the need for asset purchase through the program. Match will be available at a 2:1 ratio, with a cap of \$4,000 per individual and a maximum of two individual participants per household. VIDA matching funds cannot be used for working capital (i.e. payroll, accounts receivable). Individuals or families with children are eligible to save for this option.

Program Funds

Match Funds: Enrolled savers are limited to a maximum of \$4,000 match from DHCD's VIDA funds at a rate of \$2 for each \$1 saved. A maximum of two individuals per household are able to participate in the program. Each must meet eligibility requirements, complete the training and save the minimum per month. Intermediaries may supply additional in-kind match from other sources. However, these dollars cannot be counted as savings to obtain match funds. Match funds are not paid directly to the saver, but to the legal entity (or vendor) that provides the eligible asset identified in the savings plan.

Match funds will be forfeited if an account is closed by the saver or if the account is closed due to the participant's debt collections prior to the completion of the IDA program; for failure, without good cause, to meet the minimum savings amount; not fulfilling workshop training requirements; and/or not taking the actions specified in the savings plan that will lead to the asset. **In addition, DHCD qualifies participation and withdrawals for the saver based on information provided by the saver. In the case of qualified withdrawals, approval is also determined based on information provided by the vendor. Should DHCD find that any such documentation provided by the saver or vendor has been falsified or funds not used for the asset purchase specified, the saver shall be subject to repayment of the match funds to DHCD.**

Administration: DHCD will pay VIDA intermediaries administration funds of \$300 per saver based on completion of his/her financial literacy training and an additional \$300 per saver based on his/her completion of asset-specific training, not to exceed a total of \$600 in administration funds per saver. Administration costs include those costs associated with the management of the program including costs such as training, salaries, technical assistance, development and implementation of a financial literacy course, and the production of marketing materials for VIDA.

Candidate Eligibility

Participation in the VIDA program is limited to individuals or households with incomes at the time of enrollment not more than 200 percent of the official federal poverty level. Up to two members of an eligible household are eligible to participate in the VIDA Program. Each participant must have earned income. Welfare payments, Supplemental Security Income (SSI), Social Security Disability Income (SSDI) payments, state or federal training program stipends and Unemployment Compensation are **not** considered **income** in the determination of participant eligibility. Salary and wage statements and W-2 forms of the participant are adequate documentation of income eligibility.

To summarize, candidates must:

- Be U.S. citizens or legal aliens and Virginian residents
- Be 18 or older
- Meet income eligibility requirements
- Be employed
- Have less than \$10,000 in assets (less than \$10,000 in business assets or less than \$10,000 in savings)
- Have a family with one or more children under the age of 18 who reside within the same household, **if saving for post secondary education or business.** Individuals or families without children are eligible to save for the **homeownership** option.

Federal Poverty Limits: Individuals seeking to participate in VIDA must have household incomes at the time of enrollment **at or below** the annual **or** monthly amounts related to household size that are listed in the following chart. These amounts represent 200 percent of the federal poverty limit and are updated annually.

Effective for 2007

Family Size	Maximum household income allowed annually	Maximum household income allowed monthly
1	\$20,420	\$1,701
2	\$27,380	\$2,281
3	\$34,340	\$2,861
4	\$41,300	\$3,441
5	\$48,260	\$4,021
6	\$55,220	\$4,601
7	\$62,180	\$5,181
8	\$69,140	\$5,761
Each additional person:	\$6,960	\$580

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Criteria for Approval of Applicants and Desired Candidate Profile: Participation in the program will be generally on a first-come, first-serve basis. The ability of the individual to obtain the asset within two years will be a factor in the review process. This is of particular importance for the purchase of a home which requires considerable resources even beyond the savings in VIDA. Because funding is limited, DHCD will examine saver coverage across the state to ensure that one geographic area is not receiving all of the funding and participation

All eligible individuals are encouraged to participate in the VIDA program, provided that they are able to save at the level needed to purchase the asset, including depositing tax refunds. Most savers are eligible to receive the Earned Income Tax Credit (EITC) yearly when they file their federal taxes. The EITC can result in a large refund for some taxpayers. Savers can deposit all or a portion of their tax refunds into their VIDA account to boost their savings. More information on the EITC can be found at www.irs.gov.

The minimum deposit of \$25 per month for the two year enrollment period will not yield the maximum match of \$4,000. For those who may find it too challenging to purchase a home within two years of opening a VIDA account, the potential applicant should be encouraged to address credit and other issues impeding homeownership. Applicants may also consider the other two goals, of education or business development, as steps toward increasing earnings and thereby improving their financial readiness to become homeowners. Individuals may be a participant under one goal and then after successful purchase of one asset, they may become an applicant again for the purchase of a second asset, not to exceed \$4,000 in total match for the participant.

Listed below are characteristics of candidates who have successfully taken advantage of the program to purchase and build assets. Typically, candidates have:

- established long-term goals for themselves and their children;
- a strong desire to purchase a home, start a small business, or attend school;
- stable employment;
- a credit history acceptable to most lenders for their asset purchase OR have the desire and ability to address credit issues in a timely manner;
- the ability to consistently make a deposit of at least \$25.00 or more per month from earned income into a savings account;
- a desire to improve their money-related knowledge and skills; and

- successful completion of financial literacy and asset-specific training.

DHCD will review each candidate application package submitted by the intermediary to determine final acceptance into the VIDA Program.

Enrolled Saver Training Requirements

Training Requirements

Basic Personal Financial Management Training: Every enrolled saver is required to successfully complete financial management training. The intermediary should provide the required training or partner with an organization that can provide the required training. This training should consist of at least eight hours of education and address at least the following topics:

- Household budgeting
- Goal setting
- Financial institution services
- Saving and interest
- Credit repair and debt management
- Asset planning

Asset-Specific Training: Every enrolled saver is also required to successfully complete training specific to the asset which they seek to acquire. Training requirements for VIDA qualified asset goals are described below.

- **Home Ownership.** An enrolled saver planning to purchase a home should receive at least six hours of home ownership training to include such topics as: qualifying for a mortgage, affordable housing opportunities, finding and selecting a home, mortgage financing options, loan closing, and post-purchase success.
- **Postsecondary Education.** An enrolled saver planning to pursue postsecondary education should receive at least six hours of career counseling or training by a guidance counselor, career counselor or equivalent. At a minimum this should include such topics as: skills and interests, labor market needs, career planning, education planning, admission application assistance, financial aid application and scholarship application assistance, etc. In the case of an enrolled saver saving on behalf of a child or spouse, that child or spouse must complete the counseling.
- **Micro-enterprise/ Small Business.** An enrolled saver planning to start or expand a small business should receive at least six hours of business development training that leads to the creation of a business plan. Topics should include: legal structure selection, estimated start-up costs, market research, marketing, insurance needs, financial projections, taxation, etc.

Process for Enrolling a Saver

Candidates for the VIDA program become enrolled savers by completing the process described in this section. Intermediaries are expected to work closely with each candidate to review their application materials and complete this process. The intermediary representative's signature is required on the Candidate Application and **it is the expectation of DHCD that the intermediary has reviewed the client's credit report (from at least one of the major credit reporting bureaus) and credit score, worked with the candidate to prepare a budget/savings plan and verified eligibility data supplied on the application form.** If significant credit concerns exist, the intermediary is expected to assist the candidate in resolving credit problems before applying to participate in the VIDA program.

In order for DHCD to begin the approval process, a complete application package must be received from each candidate. A complete application package contains the following:

1. Completed, signed Candidate Application Form (intermediary must also sign).
2. A copy of one form of identification, which includes a picture and signature of the applicant.
3. Copies of pay stubs or other income documentation for all household members. Pay stubs should cover at least a one-month timeframe.
4. A copy of the previous year's federal tax return.
5. A copy of candidates' credit report and credit score. The report must be a recent (no more than six months old) credit report from **one** of the three credit reporting bureaus, such as:
 - Equifax www.econsumer.equifax.com 1-800-685-1111
 - TransUnion www.transunion.com 1-800-916-8800
 - Experian www.experian.com 1-888-397-3742
6. A budget/savings plan
7. A cashier's check or money order for \$25 or more (**payable to Wachovia or BB&T**) to be used as the initial deposit
8. The DHCD / Saver Agreement, signed by the candidate
9. If selecting Wachovia as the designated financial institution, a completed supplemental Wachovia account form.

Upon receipt of the complete application package, DHCD will review the package and determine acceptance of the candidate into the VIDA program.

Candidate Acceptance: When a candidate is accepted into the VIDA program, DHCD will sign the DHCD / Saver Agreement and return a copy of this agreement, along with a welcome letter, and bank account information to both the enrolled saver and the intermediary.

Using the \$25 included with the application package, a custodial account will be opened at the chosen financial institution on their behalf. The enrolled saver will receive deposit slips for their account from DHCD. This information will be sent certified mail with a return receipt requested. Enrolled savers will use the deposit slips to make monthly deposits at any bank branch of the institution they chose to hold their account. DHCD will have the ability to monitor this account and will mail monthly statements to both the intermediary and the enrolled saver.

Candidate Denial: If a candidate is denied acceptance into the VIDA program, a letter will be sent to both the intermediary and the candidate explaining the reason for denial. Under these circumstances, the \$25 cashier's check or money order will be returned to the saver. Common reasons for denial include not meeting one or more of the candidate's eligibility criteria referenced on page 8 as well as significant debt relative to income that can preclude the candidate's ability to purchase an asset within the two-year timeframe, especially in the case of homeownership. Such

candidates are encouraged to continue to work with the intermediary to address their debt to income issues and reapply at a later date when they can successfully complete the program.

Process for Making Withdrawals from the Savers' Accounts

Under the VIDA program, savers may withdraw savings from their custodial account at any time, with DHCD's approval and through DHCD's formal process as outlined below. Savers cannot withdraw funds from their VIDA account directly; DHCD will withdraw funds via the formal withdrawal process on behalf of the saver. Savers never have direct access to the match money, which is kept in a central escrow account by DHCD until the saver is ready to purchase an asset.

There are two types of withdrawals:

- 1) Qualified withdrawal, which is a withdrawal to purchase the asset
- 2) Nonqualified withdrawal, which is an emergency withdrawal or to withdraw from the program

While DHCD is a signatory to these accounts and monitors them, it is the intermediary that will work directly with each saver on these withdrawals and completing the appropriate forms to send to DHCD. The intermediary responsibilities are outlined below.

Qualified Withdrawal

In order to make a qualified withdrawal (i.e. purchase the asset) the saver must have participated within the program for at least six months, completed both the financial literacy and asset specific training and have reached their savings goal (i.e., have enough savings that combined with the match money will allow them to purchase the asset). In addition, the intermediary will have assisted the saver in locating an appropriate asset to purchase (e.g., a home the saver can afford; a class or classes to develop the saver's earning potential; equipment needed to start a business) as well as completing any necessary paperwork (e.g., loan application; class registration).

When the saver is ready to purchase the asset, the intermediary will help the saver complete the Qualified Withdrawal Request Form (accessible at www.dhcd.virginia.gov). **Please call DHCD VIDA staff to alert them that a saver is ready to purchase their asset.** This form may be faxed to DHCD to the VIDA program's attention at (804) 371-7093 to expedite processing. The saver's signature on Qualified Withdrawal Request Form is acceptable proof to the bank of the saver's consent to withdraw funds from their custodial account to pay the vendor for the asset.

The saver must provide evidence of the cost of the asset and this is sent to DHCD along with the Qualified Withdrawal Request Form. This proof may be in the form of a bill, invoice, course registration materials, or loan materials, as appropriate for the asset. The saver should keep the originals and supply DHCD with a copy. Savers cannot withdraw funds from their VIDA account directly; DHCD will withdraw funds via the formal withdrawal process on behalf of the saver. Savers never have direct access to the match money, which is kept in a central escrow account by DHCD until the saver is ready to purchase an asset.

DHCD must have at least five business days to process the request. DHCD will withdraw the saver's deposited funds from their account and add the match funds earned to directly pay the vendor for the asset. It will be sent to the vendor's address provided on the Qualified Withdrawal Request Form. **The process from the time DHCD receives the request form to the time that a vendor check is issued, should take about five business days, in addition to the time it takes to mail the check.** Please work with the saver to plan accordingly.

If the purchase of the asset is terminated and the vendor issues a refund, the entire refund must be returned to DHCD. DHCD will return the saver's contribution. If this is going to happen the intermediary should contact DHCD VIDA staff immediately. Savers purchasing homes should review the guidelines outlined within the Eligible Uses of Funds.

Within 30 days of processing the match payment, the intermediary must provide evidence to DHCD that the saver purchased the asset by submitting final purchase paperwork. The documents can include copies of the final title, closing documents, and/or receipts. These should be sent to DHCD as soon as they are received after the asset purchase. The intermediary should send a copy to DHCD and keep a copy for the saver's file.

Nonqualified Withdrawals

Some savers have situations arise while in the program and may seek to withdraw some or all of their savings from the custodial account (savers never have access to the match funds). Such a withdrawal obviously hinders the chances of the saver meeting their savings goal. While DHCD is a custodian of the savers' accounts, savers will be working through intermediaries when these situations develop.

Emergency withdrawals are considered on a case-by-case basis for medical care, for payments necessary to prevent eviction, or for the saver to use to meet living expenses following loss of employment. In the case of an emergency withdrawal, the enrolled saver may access only the funds which they have deposited into the account. No match funds will be available. The saver will have five months to repay an emergency withdrawal from their VIDA account in order to maintain participation in the program. Savers cannot withdraw funds from their VIDA account directly; DHCD will withdraw funds via the formal withdrawal process on behalf of the saver. Savers never have direct access to the match money, which is kept in a central escrow account by DHCD until the saver is ready to purchase an asset.

In such cases, intermediaries should first work with the saver to find resources other than savings to address this temporary situation. An example might be, if a saver has a temporary financial setback and needs money to purchase groceries, you could refer them to the local food bank. The intermediary should counsel the saver on the impact that such a withdrawal can have on them reaching their savings goal and help the saver develop a plan to replace the funds as soon as possible.

If there is no other solution but to use savings, the saver should complete the Nonqualified Withdrawal Request Form (accessible at www.dhcd.virginia.gov). The saver's signature on the Nonqualified Withdrawal Request Form is acceptable proof to the bank of the saver's consent to withdraw funds from the custodial account or to close the account. In cases where the saver withdraws all savings from the custodial account, DHCD will withdraw them from the program.

Please call DHCD VIDA staff to alert them of the need to make an emergency withdrawal and send the form to DHCD immediately. This form may be faxed to DHCD to the VIDA program's attention at (804) 371-7093 to expedite processing. **DHCD must have at least five business days to process the request.**

The bank will issue a money order to the saver and DHCD will send it to the address provided on the Nonqualified Withdrawal Request Form. The process, from the time DHCD receives the request form to the time that DHCD mails the money order should take about five business days in addition to the time it takes to mail the money order.

Program Files

Records MUST be on file at the intermediary's office to demonstrate compliance with all grant requirements. **DHCD requires that records are maintained for a minimum of six years from the saver's asset purchase.**

Criteria for Effective Filing System

- a. Coded files
Coded files should be coded for easy identification as to program year and category of file. Since files should be maintained for three years, proper coding will allow for easier management over these files.
- b. Complete and accurate
Complete and accurate files should be up-to-date and well maintained. The information contained in each file should be current and in the proper file folder.
- c. Easy to use
The filing system should be simple enough that any individual can easily locate and file information.
- d. Secure files
Secure files should have limited access by individuals. Responsibility should be assigned to ensure that files are properly signed in and out.

Enrolled Saver Files

Each enrolled saver should have a file with the following information:

- Documentation certifying that client is eligible to participate in the VIDA program
- Documentation that **all** training was completed
- Documentation that counseling and technical assistance was provided (including date of assistance, amount of time spent, and a summary of topics discussed)
- Savings goal and action plan
- For individuals who have obtained their goal, documentation of the use of matching funds and personal savings and that goal was actually achieved (home purchased, business started, returned to school) This documentation may include such items as receipts for purchase of business equipment, copies of mortgage paperwork, transcripts from coursework completed, etc.

Performance Review

Performance reviews of intermediaries are scheduled and conducted by the VIDA Program Administrator. The Administrator will review all files and records of saver progress held by the intermediary. Performance reviews will be scheduled at least annually or more often at the discretion of the VIDA Program Administrator.

After review by DHCD management of the results of the performance reviews, a final letter will be sent to the intermediary's authorized official, which will summarize the evaluation of performance.

If DHCD requires any changes to record keeping, financial management, or other procedures, these changes will be noted and actions will be suggested to make corrections.

Intermediary Reporting Requirements

Intermediaries are responsible for keeping updated information on the VIDA program and on each client participating in the VIDA program. Intermediaries will provide DHCD with a monthly report detailing VIDA related marketing efforts, technical assistance, and highlights of the month. A template will be provided for completing this monthly report. The report is due by the fifth day of the following month.

A template (accessible at www.dhcd.virginia.gov) for the monthly report will be provided to each intermediary. The following is a list of items that should be included within the monthly report sent to DHCD:

Marketing the Program

- Number of VIDA orientation sessions held during the month
- Number of participants attending orientations during the month
- Number of VIDA applicants during month as a result of orientation sessions
- Types of marketing techniques used this month to market the program: Examples include radio advertisements, flyers to Head Start parents, flyer in church bulletin, etc.
- Results or outcomes of the marketing technique(s): Examples include "X" percentage increase in orientation attendance, "X" percentage increase in VIDA applications submitted, volume of phone calls or foot traffic, etc.

Technical Assistance

Technical assistance provided to potential program participants and enrolled savers is defined as the IDA program staff providing one or more hours in IDA related program activity to the individual.

- Number of total **potential program participants** accessing **one-on-one** technical assistance sessions this month – examples include working on a budget, pulling credit reports, reviewing VIDA application, etc.
- Number of total **enrolled savers** accessing **one-on-one** technical assistance sessions this month – examples include working on a budget, contacting creditors, reviewing eligibility requirements of other homebuyer programs, etc.
- Number of savers enrolled in financial literacy training
- Number of savers completing financial literacy training
- Number of savers enrolled in asset-specific training
 - Homebuyer education
 - Educational research/planning or career development
 - Small business development
- Number of savers completing asset-specific training List saver, account/ssn number, date of training completion, type of training completed (menu bar) and wording for this report to serve as written proof by intermediary rep that the training was complete.
- Number of saver applications submitted to DHCD for final review
- Number of **total** savers served this month

Highlights from the Month:

Highlight any significant activities related to your IDA program.

DHCD Reporting Requirements

DHCD will track saver banking information. DHCD will provide each intermediary with a monthly report detailing the deposits (or other account activity) made by each of their enrolled savers during the previous month.

DHCD will prepare an annual report for each fiscal year that summarizes program activity, demographic composition of savers, key program events and highlights at the state and local level, and trends in VIDA usage and coverage.

Requesting Administrative Funds From DHCD

VIDA administrative funds will be made available **only after receipt of a W-9 form, signed and notarized contract, and a signed Certification of Signatures and Address form have been completed by the intermediary.** Payments to intermediaries will be made by the Treasurer of Virginia on receipt of a VIDA accounting Voucher Draw Request Form (accessible at www.dhcd.virginia.gov) that has been approved and processed by DHCD.

Only individuals duly certified by the intermediary as authorized to draw funds will be allowed to sign a VIDA draw requests. Likewise, payments will be sent only to the address certified by the intermediary. All VIDA draw requests will be checked against the Certified Signatures form and the Federal Identification Number (FIN). All payment requests must have a federal identification number (FIN) or they cannot be processed.

DHCD recommends allowing at least 30 days for receipt of payment. The 30 days includes approval and processing by DHCD, processing by the DHCD Accounting Office, up to 10 days processing by the Virginia Department of Accounts and the Treasury of Virginia, and postal time.

VIDA draw request information is acceptable typed or handwritten, provided it is legible. All required information must be filled in correctly per the format requirements.

Please note that all VIDA intermediaries will be added to the state's electronic transfer system. Therefore, all funds requested will be received via electronic transfer from the Department of the Treasury. You will need to advise your accounting department about these procedures.

DHCD will pay VIDA intermediaries administrative funds of \$300 per saver based on completion of his/her financial literacy training and an additional \$300 per saver based on his/her completion of asset specific training, not to exceed a total of \$600 in administrative funds per saver.